

Message Text

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67

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

AID-05 COME-00 EB-07 FRB-01 TRSE-00 XMB-04 OPIC-06

CIEP-02 LAB-04 SIL-01 OMB-01 IGA-02 AGR-10 /110 W

----- 078311

P 011955Z MAR 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC PRIORITY 6222

UNCLAS SANTO DOMINGO 0985

E.O. 11652: N/A

TAGS: PFOR, EAID, DR

SUBJECT: PRESIDENT BALAGUER'S INDEPENDENCE DAY SPEECH: PL-480 DEBT
REPAYMENT

REF: STATE 045793

1. ALTHOUGH EXPRESSING SATISFACTION WITH HIS GOVERNMENT'S PERFORMANCE ON REPAYMENT OF IDB AND WORLD BANK LOANS, IN WHICH HE DECLARED THERE ARE NO ARREARS, PRESIDENT BALAGUER SAID IN HIS FEBRUARY 27 SPEECH THAT THE LARGE PL-480 DEBT WILL BE "A HEAVY BURDEN THIS YEAR AND IN THE YEARS TO COME" AND THAT HE HAD ASKED THE USG FOR A MORE REASONABLE REPAYMENT SCHEDULE.

2. HE SAID "....THE LOANS MADE SINCE 1962 UNDER PUBLIC LAW 480 OF THE UNITED STATES PRESENTLY AMOUNTED TO \$58,905,907.90. OF THIS AMOUNT WE HAVE PAID, UP TO TODAY, \$18,639,685.65 AND WE HAVE ASKED THE GOVERNMENT OF THE UNITED STATES FOR A MORE REASONABLE PLAN TO REPAY THE INTEREST AND AMORTIZATION OF THAT DEBT.

3. "FOR A LONG TIME IT WAS BELIEVED IN THE COUNTRY THAT LOANS OBTAINED UNDER PUBLIC LAW 480REPRESENTED A
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SPECIAL FORM OF AID, ALMOST A GRANT, AND MOST LATIN

AMERICAN COUNTRIES OBVIOUSLY ABUSED THE AID FACILITIES OFFERED UNDER THAT LAW. PUBLIC AND PRIVATE INSTITUTIONS ALMOST FESTIVELY CALLED FOR THIS FORM OF CREDIT, AND NOW HAS ARRIVED, INOPPORTUNELY, THE DAY WHEN WE MUST HONOR THE OBLIGATIONS WHICH WE CONTRACTED, WITH THESE NOTIONS, WITH THE U.S. TREASURY. MOREOVER, THERE IS THE FACT THAT THE PRODUCT OF THESE LOANS WAS USED IN NONPRODUCTIVE PROJECTS. MOST OF THIS DEBT, ARRANGED PRIMARILY BY AUTONOMOUS INSTITUTIONS, NOW GRAVITATES TO THE NATIONAL PAYMASTER. THIS ASPECT OF OUR PUBLIC DEBT WILL CONSTITUTE A HEAVY BURDEN FOR THE CUOUNTRY THIS YEAR AND IN THE YEARS TO COME, BUT WE ARE CONVINCED THAT WE WILL COME OUT AHEAD AND THAT THE CONFIDENCE PLACED IN US WILL NOT BE DEFAULTED.

4. "WE HAVE BEEN AND WILL BE VERY CAUTIOUS WITH RESPECT TO NEW INTERNATIONAL INDEBTEDNESS."

5. COMMENT. AMBASSADOR HAS APPOINTMENT WITH PRESIDENT BALAGUER TOMORROW AT 11:30 A.M. HE INTENDS TO TAKE UP, INTER ALIA, THIS SUBJECT AND WILL AFTERWARD REACH THE JUDGMENT REQUESTED LAST SENTENCE REFTEL.
HURWITCH

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NNN

Message Attributes

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Margaret P. Grafeld
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